

Message Text

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ACTION OPIC-12

INFO OCT-01 NEA-14 ISO-00 EB-11 L-03 AID-20 IGA-02 SP-03

NSC-07 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 LAB-06

SIL-01 SAM-01 H-03 PRS-01 PA-04 USIE-00 DRC-01 SSO-00

NSCE-00 INRE-00 /142 W

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FM AMEMBASSY CAIRO

TO SECSTATE WASHDC NIACT IMMEDIATE 7684

C O N F I D E N T I A L CAIRO 5066

E.O. 11652: GDS

TAGS: EFIN

SUBJECT: INVESTMENT GUARANTY PROGRAM

REF STATE 146298

1. I HAVE JUST RETURNED FROM ALEXANDRIA WHERE I AGAIN
DISCUSSED REFERENCED SUBJECT WITH DEPPRIMIN HEGAZI.

2. I SAID I WOULD BE SENDING FAHMY INTERIM REPLY
TO HIS LETTER, BUT AGAIN EXPLAINED PROCEDURAL STEPS
BEFORE INVESTMENT GUARANTY PROGRAM CAN BE REACTIVATED.
SPECIFICALLY, I REITERATED THAT REACTIVATION OF OPIC
PROGRAM IN EGYPT WILL BE AUTHORIZED WHEN DETERMINATION
CAN BE MADE THAT CERTAIN LEGISLATIVE REQUIREMENTS OF
1961 FAM HAVE BEEN SATISFIED. THESE RELATE PRIMARILY
TO PRIVATE AMERICAN CLAIMS AGAINST GOE, WHICH HE AND
I HAD PREVIOUSLY DISCUSSED. IN ABSENCE OF ACTUAL
PAYMENTS TO US CLAIMANTS, DETERMINATION COULD BE
CONSIDERED IN WASHINGTON ON BASIS OF ASSURANCE BY
SENIOR GOE OFFICIALS THAT GOE IS PREPARED TO SETTLE AND
PAY ADEQUATE, PROMPT AND EFFECTIVE COMPENSATION
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ON OUTSTANDING VALID CLAIMS OF US NATIONALS. I THEN

OUTLINED TO HEGAZI THE TWO ALTERNATIVE METHODS CITED
REFTEL.

3. HEGAZI RECALLED THAT HE HAD EARLIER AGREED IN PRINCIPLE
TO A STATEMENT THAT GOE WILL TAKE ACTION TO
SETTLE CLAIMS, BUT IT WAS APPARENT THAT HE HAD DONE
NOTHING ON THIS.

4. SINCE WE HAD JUST DISCUSSED SECRETARY SIMON'S
SCHEDULE (CAIRO 5060), I SUGGESTED THAT THERE COULD
BE CONSIDERABLE PUBLIC IMPACT IF THE NOTE EXCHANGE
REACTIVATING THE OPIC PROGRAMS MIGHT BE MADE DURING
THE SECRETARY'S VISIT. WHILE I COULD GUARANTEE NOTHING,
IF SOME SORT OF STATEMENT COULD BE ISSUED BY GOE
IN NEXT DAY OR SO, CONCEIVABLY THE REQUISITE DETERMINATION
COULD BE WORKED OUT IN TIME. HEGAZI EXPRESSED IMMEDIATE
INTEREST. HE NOTED IT IS IN THE INTEREST OF BOTH OUR
GOVERNMENTS TO ENSURE THAT SECRETARY SIMON'S VISIT
RESULTS IN SOME PUBLIC STATEMENT DEMONSTRATING CONCRETE
LINES OF COOPERATION.

5. HEGAZI THEN DICTATED FOLLOWING STATEMENT: QTE THE
TWO GOVERNMENTS OF EGYPT AND THE UNITED STATES HAVE
AGREED TO ESTABLISH A JOINT COMMISSION TO STUDY THE
QUESTION OF COMPENSATION DUE TO AMERICAN CITIZENS FOR
PROPERTY IN EGYPT WITH A VIEW TO SETTLEMENT OF OUT-
STANDING CLAIMS. UNQTE. HE UNDERTOOK TO GET PRESIDENT SADAT'S
CLEARANCE AND AGREED TO ISSUE THE STATEMENT FRIDAY
EVENING TO BE PUBLISHED IN THE SATURDAY MORNING PAPERS.
HE THOUGHT THE MODALITIES OF THIS JOINT COMMISSION
COULD BE DISCUSSED DURING THE SECRETARY'S VISIT. IN THE
MEANTIME, HE HOPED THAT THIS STATEMENT WOULD SUFFICE TO
ENABLE AN URGENT DETERMINATION TO BE MADE TO REACTIVATE
THE OPIC PROGRAM.

6. COMMENT: WHILE HEGAZI STATEMENT IS NOT AS
SPECIFIC AS WE MIGHT LIKE, IT IS CLEARLY A MAJOR STEP FORWARD.
I BELIEVE THE JOINT COMMISSION ROUTE IS FAR MORE PROMISING
THAN IS ANY UNILATERAL EGYPTIAN STATEMENT
IN ASSURING THAT VALID AMERICAN CLAIMS ARE PROMPTLY AND
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EFFECTIVELY SETTLED. IN THIS CONNECTION, I RECALL WE STILL OWE
EGYPTIANS DETAILED INFORMATION ON PRIVATE AMERICAN CLAIMS
THAT HEGAZI REQUESTED. IN CIRCUMSTANCES, I HOPE THE NECESSARY
DETERMINATION CAN BE EXPEDITIOUSLY OBTAINED TO ENABLE
THE REACTIVATION OF OPIC PROGRAMS TO BE ANNOUNCED DURING
SECRETARY SIMON'S VISIT. PLEASE ADVISE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENT DRAFT, FOREIGN INVESTMENTS, INVESTMENT GUARANTEES, INVESTMENT PROGRAMS, BUSINESS FIRMS, DEBTS, PERSONNEL COMPENSATION
Control Number: n/a
Copy: SINGLE
Draft Date: 11 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: shawdg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974CAIRO05066
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740185-0727
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740759/aaaabyda.tel
Line Count: 114
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION OPIC
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: STATE 146298
Review Action: RELEASED, APPROVED
Review Authority: shawdg
Review Comment: n/a
Review Content Flags:
Review Date: 13 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13-Aug-2002 by shawdg>; APPROVED <21 FEB 2003 by shawdg>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: INVESTMENT GUARANTY PROGRAM
TAGS: EFIN, EG, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005